

3/27

HC

The Secretary initiated this morning your joint memo to the President responding to the Moorhead, et. al. letter. HC have sent it on to the White House.

DL

Steve

Department of State, A/GIS/IPS/SRP

Change to

() Release () Exempt () Deny () Declassify

Exemptions b () () E.O. 13526 25x () ()

Declassify after

With concurrence of:

IPS by R obtained

not obt. Date 11-22-12

It is beyond dispute that the governments of all of the countries listed above are (or were at the time of the vote) engaged in serious violations of human rights, some in greater degree than others. In light of our commitment to use our voice and vote in the IFIs to advance the cause of human rights and to bring human rights considerations to bear on our bilateral aid programs, it would have been anomalous to have supported the loans or projects in question at the time they were presented for decision.

The Congressmen state that they support "your policy statements on human rights" but believe that "the Congress may have overreacted in attempting to put these statements of principle into legislative form." This is a most puzzling assertion. The prototype for the Congressional action, the Harkin Amendment, was enacted before you came into office. In any event, we are obligated faithfully to carry out the laws involved, even though a group of Congressmen may regard them as an overreaction.

The Congressmen allude to "conditions" in the legislation that would "permit flexible administration." They are presumably referring to the fact that the Harkin Amendment applies only to governments engaged in "a consistent pattern of gross violations" of human rights and that even as to such governments the amendment permits approval if the loan or project would directly benefit the needy. It is not clear which of the countries listed above are regarded by the Congressmen as not being gross and consistent violators, but we stand by our judgment that our recommendations were appropriate at the time they were made.

As for the other "condition" in the Harkin Amendment -- the "needy people" exception -- we have already put as much strain on it as it can bear. We have, for example, voted for almost all IFI loans for the needy in the countries listed above. Moreover, in some instances we have given a broad construction to the definition of a "needy people" loan in order to permit us to support the loan in question.

Department of State, A/GIS/IPS/SRP

Change to
() Release () Excise () Deny () Declassify
Exemptions b () () E.O. 13526 25x () ()

Declassify after

Declassify and: _____
With concurrence of: _____

obtained

Date 11-20-66 not out.

IPS by SA

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

- 4 -

All of our actions in this area are the result of deliberations by the Interagency Group on Human Rights and Foreign Assistance. The Group was set up last April pursuant to an NSC directive. To promote better understanding of the lengths to which we have gone to assure that our foreign assistance programs reflect our human rights concerns, we have prepared the attached summary of the Group's background and operations (Tab 1). This summary stresses that the Group's main purpose is to carry out the applicable statutory provisions and that it has full representation from State's geographical bureaus as well as current information from our embassies in the countries involved.

Our human rights policy is by no means all "sanctions". Consistent with P.D. 30, we are intensifying efforts to direct a growing share of our bilateral economic assistance to governments that show respect for human rights. We are also encouraging the IFI managements to channel a greater share of their lending to countries with good human rights records and to programs that serve basic human needs. We have urged several of our allies to convey the same message to IFI managements, and we believe some of them are about to do so. (As you know, in response to P.D. 30, an interagency study is underway on the effectiveness of recent U.S. actions in the IFIs, and it will shed further light on the issues discussed above.) In general, we believe that greater emphasis on "rewards" rather than "sanctions" can lead to beneficial results.

We will see that the seven Congressmen are kept fully informed of our actions and will attempt to gain their understanding. In some cases it may prove impossible to do so, but were we to adopt the approach they suggest, we would fail to keep faith with our human rights commitments, as well as the statutory requirements. In that event, the chorus of protest from the human rights activists and others in Congress -- and from the public -- would be deafening.

A proposed response to the Congressmen is attached under Tab 2.

Attachments:

Tab 1 - Summary and Background of Interagency Group on Human Rights and Foreign Assistance.

Tab 2 - Proposed response to Congressmen.

~~CONFIDENTIAL~~

State / Had

MEMORANDUM

Of the almost ⁴⁰⁰500 loans that have been voted on in the IFIs since January 1977, we have voted against only nine and abstained on only 14 on human rights grounds. In addition, we have arranged to have consideration of about twenty loans deferred pending human rights developments in the countries in question; in several of these cases the deferrals were only temporary.

The countries that applied for the loans as to which we cast negative votes, abstained, or obtained postponements number only 13, as follows:

<u>No Votes</u>	<u>Abstentions</u>	<u>Postponed</u>
Argentina	Argentina	Chile
Chile	Benin	El Salvador
Paraguay	Central African Empire	Korea
South Yemen	Ethiopia	Nicaragua
Uruguay	Guinea	Paraguay
	Korea	Uruguay
	Philippines	

Of hundreds of AID projects that have been considered since January 1977, we deferred only 22, five of which were subsequently approved. The very low ratio of deferral results from the fact that virtually all of these projects meet basic human needs. Only six countries were involved, as follows:

Chile	Nicaragua
Central African Empire	Paraguay
Ethiopia	Uruguay

Department of State, A/GIS/IPS/SRP

Change to _____
 () Release () Excise () Deny () Declassify
 Exemptions b () () E.O. 13526 25x () ()
 Declassify after _____
 With concurrence of: _____

IPS by WJ obtained _____ not obt. _____
 Date 11-20-76

Steve

On the memo
to the Pres, ~~to~~ we
should stress

1. Offer (rewards)
actions which can be
taken thru ~~and~~ AID
budgets & joint action in
IFIs
2. development of Country
Plans.

Department of State, A/GIS/IPS/SRP
Change to _____
() Release () Excise () Deny () Declassify
Exemptions b () () E.O. 13526 25x () ()
Declassify after _____
With concurrence of: _____
IPS by 67 obtained _____ not obt. _____
Date 11-50-16

THE WHITE HOUSE

WASHINGTON

March 16, 1978

MEMORANDUM FOR

THE DEPUTY SECRETARY OF STATE

The President has asked me to forward to you a copy of the attached letter which he received from members of the House Committee on Banking, Finance and Urban Affairs.

Rid Indefinite for
Zbigniew Brzezinski

Attachment

Department of State, A/GIS/IPS/SRP

Change to

() Release () Excise () Deny () Declassify

Exemptions b () () E.O. 13526 25x () ()

Declassify after

With concurrence of:

IPS by *AD* obtained *not obt.* Date *11-22-16*

HENRY B. REUSS, WIS., CHAIRMAN
 THOMAS L. ASHLEY, OHIO
 WILLIAM B. MOORHEAD, PA.
 FERNAND J. ST. GERMAIN, R.I.
 HENRY B. GONZALEZ, TEX.
 JOSEPH G. MINISH, N.J.
 FRANK ANNUNZIO, ILL.
 JAMES M. HANLEY, N.Y.
 PARRIN J. MITCHELL, MD.
 WALTER E. FAUNTROY, D.C.
 STEPHEN L. NEAL, N.C.
 JERRY M. PATTERSON, CALIF.
 JAMES J. BLANCHARD, MICH.
 CARROLL HUBBARD, JR., KY.
 JOHN J. LAFALCE, N.Y.
 GLADYS NOON SPELLMAN, MD.
 LES AUCOIN, OREG.
 PAUL E. TSONGAS, MASS.
 BUTLER DERRICK, S.C.
 MARK W. HANNAFORD, CALIF.
 DAVID W. EVANS, IND.
 CLIFFORD ALLEN, TENN.
 NORMAN E. D'AMOURS, N.H.
 STANLEY H. LUNDINE, N.Y.
 EDWARD W. PATTISON, N.Y.
 JOHN J. CAVANAUGH, NEBR.
 MARY ROSE OAKAR, OHIO
 JIM MATTOX, TEX.
 BRUCE F. VENTO, MINN.
 DOUG BARNARD, GA.
 WES WATKINS, OKLA.
 ROBERT GARCIA, N.Y.

U.S. HOUSE OF REPRESENTATIVES
 COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS

NINETY-FIFTH CONGRESS
 2129 RAYBURN HOUSE OFFICE BUILDING
 WASHINGTON, D.C. 20515

J. WILLIAM STANTON, OHIO
 GARRY BROWN, MICH.
 CHALMERS P. WYLLIE, OHIO
 JOHN H. ROUSSELOT, CALIF.
 STEWART B. MCKINNEY, CONN.
 GEORGE HANSEN, IDAHO
 HENRY J. HYDE, ILL.
 RICHARD KELLY, FLA.
 CHARLES E. GRASSLEY, IOWA
 WILLICENT FENWICK, N.J.
 JIM LEACH, IOWA
 NEWTON I. STEERS, JR., MD.
 THOMAS B. EVANS, JR., DEL.
 BRUCE F. CAPUTO, N.Y.
 HAROLD C. HOLLENBECK, N.J.
 S. WILLIAM GREEN, N.Y.

225-4270

March 16, 1978

cc Cy
 3/19
 Warren
 J.C.

TO: The President of the United States

During January the undersigned Members from the House, Banking, Finance and Urban Affairs Committee and the Appropriations Subcommittee on Foreign Operations, visited Columbia, Argentina, Chile and Brazil. Because of our jurisdiction, the primary focus of our investigation was on the economic effectiveness of the multilateral lending agencies in which the United States participates. Specifically, in this instance, we investigated Inter-American Development Bank projects.

However, because the issue of human rights has been inserted into the operation of multilateral lending agencies we examined, in depth, this aspect of their operations.

The Delegation unanimously agrees that the United States should continue through Presidential proclamations and other official statements to pursue its human rights philosophy and do its best to convince other nations of the benefits that ensue from such a philosophical position. Most, if not all, of the Members of this Delegation supported the human rights amendment when multilateral development lending legislation was pending before the Congress last year.

The Delegation, however, believes that in practice the Presidential and Congressional directives have been too rigidly applied. We concluded that overly rigid application of human rights positions by economic sanctions through multilateral agencies are not effective and are probably counterproductive.

Department of State, AGIS/IPS/SRP
 Change to: ☒ Release ☐ Excise ☐ Deny ☐ Declassify
 Exemptions b () () () () () () () ()
 Declassify after _____
 With concurrence of _____
 Obtained _____
 Date 11-2-82
 IPS by _____

-2-

The view was expressed by all United States officials in the countries we visited. The view was also expressed that the "Christopher Committee" did not adequately use the input from our diplomats in the countries affected, nor properly carry out the mandate established by Congress regarding the human rights issue.

explain what it is and what it does

In addition, President Oduber of Costa Rica, whom we visited after our inspection tour of the above countries, and whose country has no human rights problems, expressed the view that our use of economic sanctions in human rights situations was too heavy handed and rigid and that we could accomplish more by policies which are subtler and more flexible. We agree with President Oduber's observations.

11/200

As we expected, officials of the four South American countries we visited objected to any form of human rights pressure exerted by the United States.

However, and more significantly, the people of the countries we visited seem to believe that moral suasion and the power of world opinion were more effective in achieving progress toward human rights than economic sanctions imposed indirectly by the United States through its participation in multilateral lending institutions and directly by the United States through its bilateral aid and/or military sales and credit programs.

Don't feel an info impact difficult due to complexity

For example, in Argentina, which has, perhaps, the most overt and flagrant program of abuse of human rights, we met with three human rights groups. The repeated refrain was, "Don't use economic sanctions against our country." The most thoroughly genuine of those three groups was called the Mothers of Plaza del Mayo. This group represents women whose husbands, sons and daughters have been arrested and who cannot get information as to whether their relatives are alive or dead and, if alive, where they are being held. Even this group favored moral suasion over economic sanctions.

Mr. President, we support your policy statements on human rights. We think the Congress may have overreacted in attempting to put these statements of principle into legislative form, but we know this legislation contains several conditions which do permit flexible administration. We believe that the Department of State has overreacted to expressions from the President and the Congress in a way that is not only detrimental to the United States but also to the people about whose human rights we are concerned.

*only the
+ 9
+ 10
+ 11
+ 12
+ 13
+ 14
+ 15
+ 16
+ 17
+ 18
+ 19
+ 20
+ 21
+ 22
+ 23
+ 24
+ 25
+ 26
+ 27
+ 28
+ 29
+ 30
+ 31
+ 32
+ 33
+ 34
+ 35
+ 36
+ 37
+ 38
+ 39
+ 40
+ 41
+ 42
+ 43
+ 44
+ 45
+ 46
+ 47
+ 48
+ 49
+ 50
+ 51
+ 52
+ 53
+ 54
+ 55
+ 56
+ 57
+ 58
+ 59
+ 60
+ 61
+ 62
+ 63
+ 64
+ 65
+ 66
+ 67
+ 68
+ 69
+ 70
+ 71
+ 72
+ 73
+ 74
+ 75
+ 76
+ 77
+ 78
+ 79
+ 80
+ 81
+ 82
+ 83
+ 84
+ 85
+ 86
+ 87
+ 88
+ 89
+ 90
+ 91
+ 92
+ 93
+ 94
+ 95
+ 96
+ 97
+ 98
+ 99
+ 100*

-3-

Mr. President, this Delegation was one of the largest to visit South America in recent years. We hope that you will take our views into account. When you visit South America, we hope you will take the opportunity to test the conclusion we have reached.

Mr. President, although the main thrust of this letter deals with the human rights question in South America, as viewed by the United States, we spent a considerable amount of time investigating IDB projects and talking to IDB, U.S. and local officials concerning the activities of the IDB in those countries visited. Our overall impressions from talking to recipients of IDB programs and officials is that the IDB deserves our continuing support.

In conclusion, if there was one constant theme in every country we visited, it was the great respect and even affection for the United States that was manifested by nearly everyone we encountered.

Respectfully yours,

William S. Moorhead, (Pa.)
Joseph G. Minish, (N.J.)
John J. LaFalce, (N.Y.)
Charles Wilson, (Tex.)

J. William Stanton, (Ohio)
Garry Brown, (Mich.)
Henry J. Hyde, (Ill.)

THE SECRETARY OF STATE
WASHINGTON

MEMORANDUM FOR: THE PRESIDENT

FROM: Cyrus Vance
Warren Christopher

SUBJECT: Letter from ~~Congressional~~ Group That Recently
Visited Latin America

We have reviewed the letter given to you last week by the seven Congressmen who recently visited Latin America. Their principal claim is that we have been "overly rigid" in bringing human rights considerations to bear on economic assistance decisions, especially as to votes in the IFIs.

We are committed to the proposition that it is preferable to use positive actions ("rewards") and normal diplomatic channels rather than "sanctions" in pursuing our human rights objectives. ~~The fact is that we have been moderate in using "sanctions" such as our vote in the IFIs in behalf of human rights.~~ Of the almost 500 loans that have been voted on in the IFIs since January 1977, we have voted against only nine and abstained on only 14 on human rights grounds. In addition, we have arranged to have consideration of ~~the~~ loans deferred pending human rights improvements in the countries in question; ~~some of these loans were subsequently approved or opposed.~~

The countries that applied for the loans as to which we cast negative votes, abstained, or obtained postponements number only 13, as follows:

However, a wide and explicit array of federal statutes ~~require~~ us to oppose grants of loans to human rights violators.

which have been requested by the State Dept. to the President

in explanatory text and history

these so-called about a dozen the deferrals were only temporary

- 2 -

No Votes

Argentina (~~3~~ loans)

Chile (~~2~~ loans)

Paraguay (~~1~~ loan)

South Yemen (~~1~~ loan)

Uruguay (~~2~~ loans)

Abstentions

Argentina (~~4~~ loans)

Benin (~~2~~ loans)

Central African
Empire (~~1~~ loan)

Ethiopia (~~3~~ loans)

Guinea (~~1~~ loan)

Korea (~~2~~ loans)

Philippines (~~2~~
loans)

Postponed

Chile (~~2~~ loans, one
of which we subse-
quently voted
against)

El Salvador (~~1~~ loan,
which we subse-
quently voted for)

Korea (~~1~~ loan on
which we subse-
quently abstained)

Nicaragua (~~2~~ loans,
one of which we
subsequently voted
for)

Paraguay (~~3~~ loans)

Uruguay (~~2~~ loans,
both of which we
voted against)

22 We have also been moderate in using our bilateral economic aid as a "sanction". Of hundreds of AID projects that have been considered since January 1977, we deferred only ~~25~~ five of which were subsequently approved. The very low ratio of deferral results from the fact that virtually all these projects meet basic human needs. Only six countries were involved, as follows:

Chile (~~2~~ projects)

Central African Empire (~~3~~ projects)

Ethiopia (~~3~~ projects, all subsequently
approved)

Nicaragua (~~5~~ projects)

Paraguay (~~2~~ projects)

Uruguay (~~2~~ projects, both subsequently
approved)

THE SECRETARY OF STATE
WASHINGTON

CONFIDENTIAL

MEMORANDUM FOR: THE PRESIDENT

FROM: Cyrus Vance
Warren Christopher.

SUBJECT: *Human Rights and Foreign Assistance*

We have reviewed the letter given to you last week by the seven Congressmen who recently visited Latin America. Their principal claim is that we have been "overly rigid" in bringing human rights considerations to bear on economic assistance decisions, especially as to votes in the IFIs.

We are committed to the proposition that it is preferable to use positive actions ("rewards") and normal diplomatic channels rather than "sanctions" in pursuing our human rights objectives. But the fact is, that we have been moderate in using "sanctions" such as our vote in the IFIs in behalf of human rights. Of the almost 500 loans that have been voted on in the IFIs since January 1977, we have voted against only nine and abstained on only 14 on human rights grounds. In addition, we have arranged to have consideration of 11 loans deferred pending human rights improvements in the countries in question; some of these loans were subsequently approved or opposed.

The countries that applied for the loans as to which we cast negative votes, abstained, or obtained postponements number only 13, as follows:

~~Department of State, A/GIS/IPS/SRP~~

~~Change to~~

~~() Release () Excise () Deny () Declassify~~

~~Exemptions b () () E.O. 13526 25x () ()~~

~~Declassify after~~

~~With concurrence of:~~

~~obtained~~ ~~not obt.~~

IPS by Q Date 11-22-16

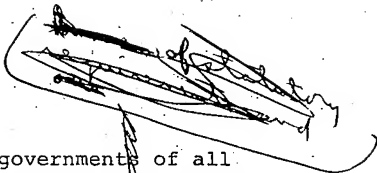
- 2 -

<u>No Votes</u>	<u>Abstentions</u>	<u>Postponed</u>
Argentina (3 loans)	Argentina (4 loans)	Chile (2 loans, one of which we subsequently voted against)
Chile (2 loans)	Benin (2 loans)	
Paraguay (1 loan)	Central African Empire (1 loan)	El Salvador (1 loan, which we subsequently voted for)
South Yemen (1 loan)	Ethiopia (2 loans)	
Uruguay (2 loans)	Guinea (1 loan)	Korea (1 loan on which we subsequently abstained)
	Korea (2 loans)	
	Philippines (2 loans)	Nicaragua (2 loans, one of which we subsequently voted for)
		Paraguay (3 loans)
		Uruguay (2 loans, both of which we voted against)

We have also been moderate in using our bilateral economic aid as a "sanction". Of hundreds of AID projects that have been considered since January 1977, we deferred only 17, five of which were subsequently approved. The very low ratio of deferral results from the fact that virtually all these projects meet basic human needs. Only six countries were involved, as follows:

- Chile (2 projects)
- Central African Empire (3 projects)
- Ethiopia (3 projects, all subsequently approved)
- Nicaragua (5 projects)
- Paraguay (2 projects)
- Uruguay (2 projects, both subsequently approved)

- 3 -



It is beyond dispute that the governments of all of the 13 countries listed above are (or were at the time of the vote) engaged in serious violations of human rights, some in greater degree than others. In light ~~of~~ our commitment to use our voice and vote in the IFIs to advance the cause of human rights and to bring human rights considerations to bear on our bilateral aid programs, it would have been anomalous to have supported the loans or projects in question at the time they were presented for decision.

The Congressmen state that they support "your policy statements on human rights" but believe that "the Congress may have overreacted in attempting to put these statements of principle into legislative form." This is a most puzzling assertion. The prototype for the Congressional action, the Harkin Amendment, was enacted before you came into office. In any event, we are obligated faithfully to carry out the laws involved, even though a group of Congressmen may regard them as an overreaction.

The Congressmen allude to "conditions" in the legislation that would "permit flexible administration." They are presumably referring to the fact that the Harkin Amendment applies only to governments engaged in "a consistent pattern of gross violations" of human rights and that even as to such governments the amendment permits approval if the loan or project would directly benefit the needy. It is not clear which of the 13 countries are regarded by the Congressmen as not being gross and consistent violators, but we stand by our judgment that our recommendations were appropriate at the time they were made.

As for the other "condition" in the Harkin Amendment -- the "needy people" exception -- we have already put as much strain on it as it can bear. We have, for example, voted for virtually all IFI loans for the needy in each of the 13 countries listed above, except Chile. Moreover, in some instances we have given a broad construction to the definition of a "needy people" loan in order to permit us to support the loan in question.

- 4 -

6

All of our actions in this area are the result of deliberations by the Interagency Group on Human Rights and Foreign Assistance. The Group was set up last April pursuant to an NSC directive. To promote better understanding of the lengths to which we have gone to assure that our foreign assistance programs reflect our human rights concerns, we have prepared the attached summary of the Group's background and operations (Tab 1). This summary stresses that the Group's main purpose is to carry out the applicable statutory provisions, and that it has full representation from State's geographical bureaus as well as current information from our embassies in the countries involved.

Our human rights policy is by no means all "sanctions". Consistent with P.D. 30, we are intensifying efforts to direct a growing share of our bilateral economic assistance to governments that show respect for human rights. We are also encouraging the IFI managements to channel a greater share of their lending to countries with good human rights records and to programs that serve basic human needs. We have urged several of our allies to convey the same message to IFI managements, and we believe some of them are about to do so. (As you know, in response to P.D. 30, an interagency study is underway on the effectiveness of recent U.S. actions in the IFIs, and it will shed further light on the issues discussed above.) In general, we believe that greater emphasis on "rewards" rather than "sanctions" can lead to beneficial results.

We will see that the seven Congressmen are kept fully informed of our actions and will attempt to gain their understanding. In some cases it may prove impossible to do so, but were we to adopt the approach they suggest, we would fail to keep faith with our human rights commitments, as well as the statutory requirements. In that event, the chorus of protest from the human rights activists and others in Congress -- and from the public -- would be deafening.

A proposed response to the Congressmen is attached under Tab 2.

Attachments:

Tab 1 - Summary and Background of
Interagency Group on Human
Rights and Foreign Assistance.

Tab 2 - Proposed response to Congressmen.

REPRODUCED AT THE NATIONAL ARCHIVE

DRAFT LETTER FROM PRESIDENT CARTER

Dear _____:

I have reviewed your letter of March 16 concerning our efforts to bring human rights considerations to bear on foreign assistance decisions. We are in agreement that it is preferable to use positive actions and normal diplomatic channels rather than "sanctions" in pursuing our human rights objectives. Pursuant to my recent direction, increasing reliance will be placed on positive steps to encourage human rights improvements in both our bilateral and multilateral aid programs.

explicit While ~~the use~~ ^{consideration} of so-called "sanctions" is sometimes ~~required by law and policy~~ ^{federal statutes as well as our policy}, we have employed ~~them~~ ^{such measures} with care and moderation. Of the almost 500 loans that have been voted on in the IFIs since January 1977, we have voted against only nine and abstained on only 14 on human rights grounds. In addition, we have arranged to have consideration of ~~in~~ ^{about a dozen} loans deferred pending human rights improvements in the countries in question; ~~some of these~~ ^{some of these} loans we subsequently approved or opposed. Of the hundreds of AID projects that have been considered since January 1977, we have deferred only 17, and five of ~~these~~ ^{these} were subsequently approved.

Department of State, AID/PS/SRP
Change to _____
() Release () Excise () Deny () Declassify
Exemptions b () () E.O. 13526 25x () ()
Declassify after _____
With concurrence of: _____
IPS by W obtained _____ not obt. _____
Date 11-22-16

In conclusion, I want to ~~reiterate~~ ^{emphasize} that our human rights policy is by no means all "sanctions". We are intensifying efforts to direct a greater share of our bilateral economic assistance to governments that show

human
rights
violations

cup have
restored

Department of State, A/GIS/IPS/SRP

Change to _____
 (☒) Release () Excise () Deny () Declassify
 Exemptions b () () E.O. 13526 25x () ()
 Declassify after _____
 With concurrence of: _____

obtained _____ not obt. _____

IPS by W Date 11-5-81 b

SUGGESTED REPLY

Dear _____:

I have reviewed your letter of March 16 concerning our efforts to bring human rights considerations to bear on foreign assistance decisions. We are in agreement that it is preferable to use positive actions and normal diplomatic channels rather than "sanctions" in pursuing our human rights objectives. Pursuant to my recent direction, increasing reliance will be placed on positive steps to encourage human rights improvements in both our bilateral and multi-lateral aid programs.

While consideration of so-called "sanctions" is sometimes required by explicit federal statutes as well as our policy, we have employed such measures with care and moderation. Of the over 400 loans that have been voted on in the IFIs since January 1977, we have voted against ~~only~~ nine and abstained on ~~only~~ 14 on human rights grounds. In addition, ~~we have sought to defer consideration of about 20 loans pending human rights developments in the countries in question;~~ *has been deferred;* in several of these cases the deferral was only temporary. Of the hundreds of AID projects that have been considered since January 1977, we have deferred only 22 on human rights grounds, and five of these were subsequently approved.

~~CONFIDENTIAL~~

THE SECRETARY OF STATE
WASHINGTON

MEMORANDUM FOR: THE PRESIDENT

FROM: Cyrus Vance
Warren Christopher

SUBJECT: Letter from Congressional Group
That Recently Visited Latin America

We have reviewed the letter given to you last week by the seven Congressmen who recently visited Latin America. Their principal claim is that we have been "overly rigid" in bringing human rights considerations to bear on economic assistance decisions, especially as to votes in the IFIs.

We are committed to the proposition that it is preferable to use positive actions ("rewards") and normal diplomatic channels rather than "sanctions" in pursuing our human rights objectives. However, in addition to the general thrust of our human rights policy, we are explicitly required by a wide array of federal statutes to oppose grants or loans to human rights violators.

^{over 400}
We have acted with moderation in these matters. Of the ~~almost 500~~ loans that have been voted on in the IFIs since January 1977, we have voted against only nine and abstained on only 14 on human rights grounds. In addition, we have arranged to have consideration of about 20 loans deferred pending human rights developments in the countries in question; in several of these cases the deferrals were only temporary. *def*

Summary
Department of State, A/GIS/IPS/SRP

Change to
() Release () Exercise () Deny () ☒ Declassify
Exemptions b () () E.O. 13526 25x () ()
Declassify after
With concurrence of: _____
obtained _____ not obt. _____
Date 11-20-16
IPS by *R*

~~CONFIDENTIAL~~

Department of State, A/GIS/IPS/SRP

Change to
() Release () Excise () Deny () Declassify
Exemptions b () () E.O. 13526 25x () ()
Declassify after
With concurrence of:
IPS by WA Date 11-20-16

noted SECRETARY OF STATE
WASHINGTON

We are committed to the proposition that it is preferable to use positive action ("rewards") and normal diplomatic channels rather than "sanctions" in pursuing our human rights objectives.

MEMORANDUM FOR: THE PRESIDENT
FROM: Cyrus Vance
Warren Christopher

We have reviewed the letter given to you last week by the seven Congressmen who recently visited Latin America. Their principal claim is that we have been "overly rigid" in bringing human rights considerations to bear on economic assistance decisions, especially as to votes in the IFIs. ~~They would prefer that we pursue our human rights objectives primarily through Presidential proclamations and other statements.~~

But the fact is that we have been moderate in using ~~our voice and vote~~ in the IFIs in behalf of human rights. Of several hundred loans that have been voted on in the IFIs since January 1977, we have voted against only ~~seven~~ and abstained on only ~~14~~ on human rights grounds. (In addition, we have arranged to have consideration of ~~a few~~ loans deferred pending human rights improvements in the countries in question.) ~~Moreover, all of the loans we voted against or abstained on were approved over our opposition. This is not to say that our vote did not send a strong signal to the country in question, but it does belie the Congressmen's apparent view that our positions on IFI loans have constituted "economic sanctions."~~

"sanctions" such as our

these loans some of which we subsequently approved or opposed.

~~The countries to which we voted against, or abstained on, are as follows:~~

No Votes

Argentina (3 loans)
Chile (2 loans)
Paraguay (1 loan)
South Yemen (1 loan)
Uruguay (2 loans)

Abstentions

Argentina (4 loans)
Benin (2 loans)
Central African Empire (1 loan)
Ethiopia (2 loans)
Guinea (1 loan)
Korea (2 loans)
Philippines (2 loans)

stained statements

OFFICE OF THE DEPUTY
SECRETARY OF STATE

Rosen X

Postponed

Department of State, A/GIS/IPS/SRP

Change to

() Release () Excise () Deny () Declassify

Exemptions b () () E.O. 13526 25x () ()

Declassify after

With concurrence of:

obtained not obt.

IPS by *92* Date *11-30-16*

*Chile (2 loans, one of which
we subsequently voted
against)*

*El Salvador (1 loan, which we
subsequently voted for)*

*Korea (1 loan, which we
subsequently abstained)*

Paraguay (3 loans)

*Uruguay (2 votes, both of which
we subsequently voted
against)*

*Nicaragua (2 loans, one of which
we subsequently voted
for)*

Re: [illegible]

~~In addition we have~~
~~added to the [illegible]~~
~~in [illegible]~~
~~the [illegible]~~

Department of State, AGS [illegible]

(1) Release (2) Exempt (3) Deny (4) Declassify
 Exemptions to E.O. 13526, 25X(1), (2), (3)

Declassify after
 With concurrence of

not obtained
 Date 11-20-96
 IPS by [illegible]

¶ We have also been moderate in
 using our bilateral economic aid
 as a sanction; ~~to [illegible]~~

Of hundreds of projects that
~~we deferred~~ ^{only 17} ~~and [illegible]~~ ^{since January 1977}
 and five ~~of [illegible]~~ ^{of [illegible]} ~~projects~~
 approved ~~these projects~~ ^{were proposed for}
~~only~~ only six countries, as follows:

- Chile (2 projects)
- Central African Empire (3 projects)
- Ethiopia (3 projects, ~~all of which~~
~~was~~ subsequently approved)
- Paraguay (2 projects)
- Venezuela (2 projects, both subsequently
 approved)
- Nicaragua (5 projects)

dictated above

the 13

- 2 -

Phase 2

*and to
the human
rights
violation
in the
program*

It is beyond dispute that the governments of these countries are engaged in ~~clear-cut~~ serious violations of human rights, some in greater degree than others. In view of the ~~seriousness of these violations~~ and in light of our commitment to use our voice and vote in the IFIs to advance the cause of human rights, it would have been anomalous to have supported the loans in question.

The Congressmen state that they support "your policy statements on human rights" but believe that "the Congress may have overreacted in attempting to put these statements of principle into legislative form." This is a most puzzling assertion. ~~First, the~~ prototype for the Congressional action, the Harkin Amendment, was enacted before you came into office. ~~Second, as you know, our efforts to provide more flexibility in human rights legislation have consistently been thwarted.~~

approval

[initials]

The Congressmen allude to "conditions" in the legislation that would "permit flexible administration." They are presumably referring to the fact that the Harkin Amendment applies only to governments engaged in "a consistent pattern of gross violations" of human rights and that even as to such governments the amendment permits ~~a "yes" vote~~ if the loan would ~~directly benefit the needy.~~ It is not clear which of the ~~eleven~~ countries are regarded by the Congressmen as not being gross and consistent violators, but we stand by our judgment that our recommendations were appropriate at the time they were made. ~~We have more recently voted yes on loans to two of the countries, (Korea and the Philippines) on the ground of human rights improvements.~~

project

(13)

(13)

As for the other "condition" in the Harkin Amendment -- the "needy people" exception -- we have already put as much strain on it as it can bear. We have, for example, voted for virtually all loans for the needy in each of the ~~eleven~~ countries listed above, except Chile. Moreover, in some instances we have given a broad construction to the definition of a "needy people" loan in order to permit us to support the loan in question.

IFI

- 3 -

program for a
fund to
a

and others

All of our actions in this area are the result of deliberations by the Interagency Group on Human Rights and Foreign Assistance, ~~which was set up~~. The Group, which was set up last April pursuant to an NSC directive, has become the target of criticism by Congressmen who have an interest in a particular country, ~~as Charles Wilson does in Nicaragua~~. To respond to these criticisms and to promote better understanding of the lengths to which we have gone to assure that our foreign assistance programs reflect our human rights concerns, we have prepared the attached description of the Group's background and operations (Tab 1).

Finally, we would emphasize that our human rights policy is by no means all "sanctions." Consistent with P.D. 30, we are intensifying efforts to direct a growing share of our bilateral economic assistance to governments that show respect for human rights. We are also actively encouraging the IFI managements to channel a greater share of their lending to countries with good human rights records and to programs that serve basic human needs. We have urged several of our allies to convey the same message to IFI managements, and we believe some of them are about to do so. ~~In general,~~ we believe that greater emphasis on "rewards" rather than "sanctions" can lead to beneficial results.

As you know, in response to P.D. 30, an interagency study is underway on the effectiveness of recent U.S. actions in the IFIs, and it will shed further light on the issues discussed above.

In sum, we recommend no basic departure from the line we have been pursuing. We will see that the seven Congressmen are kept fully informed of our actions and will attempt to gain their understanding. In some cases that may prove impossible, but were we to adopt the approach they suggest, the chorus of protest from the human rights activists and others in Congress -- and from the public -- would be deafening.

Attachment:

As stated.

We would fail to keep faith with our human rights commitment and

States

and as well as current information from our...
DocId:33865428 Page 25
...in the countries involved

This summary emphasizes that the Group's main purpose is to carry out the statutory provisions and that it is not a...
...the Group's...
...the Group's...
...the Group's...

A proposed response to the Congressmen is
attached under Tab 2.

- 2 -

It is beyond dispute that the governments of these countries are engaged in clear-cut, serious violations of human rights, some in greater degree than others. In view of the seriousness of these violations and in light of our commitment to use our voice and vote in the IFIs to advance the cause of human rights, it would have been anomalous to have supported the loans in question.

The Congressmen state that they support "your policy statements on human rights" but believe that "the Congress may have overreacted in attempting to put these statements of principle into legislative form." This is a most puzzling assertion. First, the prototype for the Congressional action, the Harkin Amendment, was enacted before you came into office. Second, as you know, our efforts to provide more flexibility in human rights legislation have consistently been thwarted.

The Congressmen allude to "conditions" in the legislation that would "permit flexible administration." They are presumably referring to the fact that the Harkin Amendment applies only to governments engaged in "a consistent pattern of gross violations" of human rights and that even as to such governments the amendment permits a "yes" vote if the loan would "directly benefit the needy." It is not clear which of the eleven countries are regarded by the Congressmen as not being gross and consistent violators, but we stand by our judgment that our recommendations were appropriate at the time they were made. We have more recently voted yes on loans to two of the countries (Korea and the Philippines) on the ground of human rights improvements.

As for the other "condition" in the Harkin Amendment -- the "needy people" exception -- we have already put as much strain on it as it can bear. We have for example voted for virtually all loans for the needy in each of the eleven countries listed above, except Chile. Moreover, in some instances we have given a broad construction to the definition of a "needy people" loan in order to permit us to support the loan in question.

- 3 -

All of our actions in this area are the result of deliberations by the Interagency Group on Human Rights and Foreign Assistance, which Warren chairs. The Group, which was set up last April pursuant to an NSC directive, has become the target of criticism by Congressmen who have an interest in a particular country, as Charles Wilson does in Nicaragua. To respond to these criticisms and to promote better understanding of the lengths to which we have gone to assure that our foreign assistance programs reflect our human rights concerns, we have prepared the attached description of the Group's background and operations (Tab 1).

Finally, we would emphasize that our human rights policy is by no means all "sanctions." Consistent with P.D. 30, we are intensifying efforts to direct a growing share of our bilateral economic assistance to governments that show respect for human rights. We are also actively encouraging the IFI managements to channel a greater share of their lending to countries with good human rights records and to programs that serve basic human needs. We have urged several of our allies to convey the same message to IFI managements, and we believe some of them are about to do so. In general, we believe that greater emphasis on "rewards" rather than "sanctions" can lead to beneficial results.

As you know, in response to P.D. 30 an interagency study is underway on the effectiveness of recent U.S. actions in the IFIs, and it will shed further light on the issues discussed above.

In sum, we recommend no basic departure from the line we have been pursuing. We will see that the seven Congressmen are kept fully informed of our actions and will attempt to gain their understanding. In some cases that may prove impossible but were we to adopt the approach they suggest, the chorus of protest from the human rights activists and others in Congress -- and from the public -- would be deafening.

Attachment:

As stated.

Department of State, A/GIS/IPS/SRP

Change to

() Release () Excise () Deny () Declassify

Exemptions b () () E.O. 13526 25x () ()

Declassify after

With concurrence of:

IPS by ad obtained not obt.
Date 11-30-16

MEMORANDUM FOR: THE PRESIDENT

FROM: Cyrus Vance and Warren Christopher

We have reviewed the letter given to you last week by the seven Congressmen who recently visited Latin America. Their principle^{al} claim is that we have been "overly rigid" in bringing human rights considerations to bear on economic assistance decisions, especially as to votes in the IFIs. They would prefer that we pursue our human rights objectives primarily "through Presidential proclamations and other statements."

[Some of the individuals who signed the letter have been pursuing this line of criticism with great vigor on the Hill, especially in hearings on the FY 79 foreign assistance budget.]

[As you know, in response to PD-30 there is an interagency study underway on the effectiveness of recent U.S. actions in the IFI. The issues raised by the Congressmen in their letter, as well as many other issues, will be fully explored in that study. We wanted, however, to give you our views now on the particular points raised by the Congressmen. It is our conclusion that

-2-

note
~~their position is untenable and that they represent~~

~~distinctly minority view in Congress.~~ If we were

to adopt the approach they suggest, the chorus of

protest from the human rights activists and others

in Congress -- and from the public -- would be deafening.

The fact is that we have been ~~quite~~ moderate in using our voice and vote in the IFIs in behalf of human

rights. Of well-over ^{several hundred} 200 loans that have been voted on in all of the IFIs since January ^{1977,} of last year, we

have voted against only seven and abstained on only

13 on human rights grounds. (In addition, we have *managed*

~~managed~~ to have consideration of a few loans deferred

pending human rights improvements in the countries in

question.) Moreover, all of the loans we voted against

or abstained on were approved over our opposition.

This is not to say that our vote did not send a strong

signal to the country in question but it does belie

the Congressmen's apparent view that our positions on

IFI loans have constituted "economic sanctions."

The countries that received the IFI loans that we voted against or abstained on number only eleven, as

follows: ~~Argentina, Benin, Central African Empire,~~

~~Chile, Ethiopia, Guinea, Korea, Paraguay, Philippines,~~

~~South Yemen, Uruguay.~~ *It* It is beyond dispute that the

NO VOTES

*Argentina
Chile
Paraguay
Uruguay*

ABSTENTIONS

*Argentina
Benin
Central African Empire
Ethiopia
Korea
Philippines*

RIDER FOR PAGE THREE

The Congressmen state that they support your policy statements on human rights but believe that "the Congress may have over reacted in attempting to put these statements of principle into legislative form." This is a most puzzling assertion. First, the prototype for the Congressional action, the Harkin Amendment, was enacted before you came into office. Second, as you know, our efforts to provide more flexibility in human rights legislation has consistently been thwarted.

-3-

governments of these countries are engaged in clear-cut, serious violations of human rights, some in greater degree than others. In view of the seriousness of these violations and in light of our commitment to use our voice and vote in the IFIs to advance the cause of human rights, it would have been anomalous ~~and inappropriate~~ to have ~~simply~~ supported the loans in question.

insert → The Congressmen allude to "conditions" in the legislation that would "permit flexible administration." They are presumably referring to the fact that the Harkin amendment applies only to governments engaged in "a consistent pattern of gross violations" of human rights and that even as to such governments the amendment permits a "yes" vote if the loan would ^{directly benefit} ~~help~~ the needy."

It is not clear ^{which of the 11 countries are suggested by} ~~whether~~ the Congressmen think ~~as not being~~ that the eleven countries listed above are not in fact

A gross and consistent violators, ^{but we stand by our} ~~it is true that only one~~ ^{judgment that ~~the~~ our recommendations} of the eleven countries has ever been formally designated ~~were appropriate at the time they were made~~ by the U.S. Government as a gross and consistent violator. ~~we have more recently voted yes on loans to~~ ^{namely Chile, in July, 1976.} ~~but simply because we have~~ ^{two of the countries (Korea and the Philippines) on the} ~~avoided taking the formal step of stigmatizing other~~ ^{ground of human rights improvements} governments as gross and consistent violators does not mean that they are not gross and consistent violators.

~~Indeed, most of the eleven governments listed above~~

~~arguably are. Thus, to use the statutory "condition"~~

-4-

as the Congressmen suggest, would either mean that our entire human rights policy in the IFIs affected only Chile or that we would have to go through the counterproductive enterprise of formally designating other governments as gross and consistent violators. We think either course would be a mistake.

As for the other "condition" in the Harkin amendment -- the "needy people exception" -- we have already put ~~about~~ as much strain on it as it can bear. We have for example voted for virtually all loans for the needy in each of the eleven countries listed above, except Chile.

Moreover, ~~we have~~ in some instances ~~stretched the~~ *Given a broad construction*
~~definition of "needy" as far as it will go in order to~~ *a "needy people" loan in order to*
 permit us to support the loan in question.

~~In commenting on what "we" have done, it should be noted that~~ all of our actions in this area are the result of deliberations by the Interagency Group on Human Rights and Foreign Assistance, which Warren chairs, ~~(hence, the so-called "Christopher Committee")~~. The Group, which was set up last April pursuant to an NSC directive, has become the ~~brunt of especially~~ *target 2* vitriolic and ad hominem criticism by one of the ~~Congressmen who signed the letter~~ *who have an interest in a particular* Charles Wilson of ~~Texas. Wilson is incensed that weapons and some bilateral~~ *Country, as Charles Wilson does in Nicaragua.*

-5-

economic assistance for Nicaragua have been held up pursuant to the Group's advice. We do not know the source of Wilson's intense interest in Nicaragua; we do know he is a personal friend of Somoza. To meet

To respond to these
~~some of Wilson's unfounded criticisms and to secure a~~

better understanding of the ~~rather substantial~~ lengths to which we have gone to assure that our foreign assistance

programs reflect our human rights concerns, we have *prepared*

~~which, discussed on the Hill~~ the attached description of the Group's background and operations (T-1).

Finally, *we would emphasize* ~~we think the Congressmen ignore~~ that our human rights policy is by no means all "sanctions." We are *also* ~~for example~~ actively encouraging the IFI managements to channel a greater share of their lending to countries with good human rights records and to programs that serve basic human needs. We have urged several of our allies to convey the same message to IFI managements, and we believe some of them are about to do so. ~~In addition,~~

We are intensifying efforts to direct a growing share of our bilateral economic assistance to governments that show respect for human rights. In general, we believe that greater emphasis on "rewards" rather than "sanctions" can lead to ~~extremely~~ beneficial results. *As you know,*

*In response to P.D. #30
 an interagency study
 is underway on the
 effectiveness of recent
 U.S. action in the IFIs,
 and it will shed further
 light on the issues discussed
 above*

Consistent with P.D. #30,

-6-

basic

In sum, we recommend no departure from the line we have been pursuing. We will see that the seven Congressmen are kept fully informed of our actions and will attempt to gain their understanding. In some cases, ~~such as Wilson's~~ that may prove impossible but ~~then again, so far as we can tell he is not representative of any significant body of opinion in Congress.~~

*insert from
p. 2*

-3-

governments of these countries are engaged in clear-cut, serious violations of human rights, some in greater degree than others. In view of the seriousness of these violations and in light of our commitment to use our voice and vote in the IFIs to advance the cause of human rights, it would have been anomalous and inappropriate to have simply supported the loans in question.

The Congressmen allude to "conditions" in the legislation that would "permit flexible administration." They are presumably referring to the fact that the Harkin amendment applies only to governments engaged in "a consistent pattern of gross violations" of human rights and that even as to such governments the amendment permits a "yes" vote if the loan would help the needy. It is not clear, however, whether the Congressmen think that the eleven countries listed above are not in fact gross and consistent violators. It is true that only one of the eleven countries has ever been formally designated by the U.S. Government as a gross and consistent violator -- namely Chile, in July 1976. But simply because we have avoided taking the formal step of stigmatizing other governments as gross and consistent violators does not mean that they are not gross and consistent violators. Indeed, most of the eleven governments listed above arguably are. Thus, to use the statutory "condition"

-4-

as the Congressmen suggest would either mean that our entire human rights policy in the IFIs affected only Chile or that we would have to go through the counterproductive enterprise of formally designating other governments as gross and consistent violators. We think either course would be a mistake.

As for the other "condition" in the Harkin amendment -- the needy people exception -- we have already put about as much strain on it as it can bear. We have for example voted for virtually all loans for the needy in each of the eleven countries listed above, except Chile. Moreover, we have in some instances stretched the definition of needy as far as it will go in order to permit us to support the loan in question.

In commenting on what "we" have done, it should be noted that all of our actions in this area are the result of deliberations by the Interagency Group on Human Rights and Foreign Assistance, which Warren chairs (hence, the so-called "Christopher Committee"). The Group, which was set up last April pursuant to an NSC directive, has become the brunt of especially vitriolic and ad hominem criticism by one of the Congressmen who signed the letter -- Charles Wilson of Texas. Wilson is incensed that weapons and some bilateral

-5-

economic assistance for Nicaragua have been held up pursuant to the Group's advice. We do not know the source of Wilson's intense interest in Nicaragua; we do know he is a personal friend of Somoza. To meet some of Wilson's unfounded criticisms and to assure a better understanding of the rather substantial lengths to which we have gone to assure that our foreign assistance programs reflect our human rights concerns, we have widely circulated on the Hill the attached description of the Group's background and operations.

Finally, we think the Congressmen ignore that our human rights policy is by no means all "sanctions." We are for example actively encouraging the IFI managements to channel a greater share of their lending to countries with good human rights records and to programs that serve basic human needs. We have urged several of our allies to convey the same message to IFI managements, and we believe some of them are about to do so. In addition, we are intensifying efforts to direct a growing share of our bilateral economic assistance to governments that show respect for human rights. In general, we believe that greater emphasis on "rewards" rather than "sanctions" can lead to extremely beneficial results.

-6-

In sum, we recommend no departure from the line we have been pursuing. We will see that the seven Congressmen are kept fully informed of our actions and will attempt to gain their understanding. In some cases, such as Wilson's, that may prove impossible but then again, so far as we can tell he is not representative of any significant body of opinion in Congress.

WC RG59

RC1126/NND 52947 (Box 9)

Box 15

HR - Congressional Relations

(tab 13)